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CENTRAL INTELLIGENCE AGENCY

INFORMATION REPORT

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THE SOURCE EVALUATIONS IN THIS REPORT ARE DEFINITIVE
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(FOR KEY SEE REVERSE)

1. At the end of June 1953, the Hungarian Ministries for the General Engineering, Medium Machine and Metallurgical Industries were merged to form one Ministry for the Metallurgical and Machine Industries (MMMI).

2. This ministry has its central headquarters at:

Szabadság tér 5-6, Budapest V.
Teleki Pál u. 21, Budapest V.

Its subsidiary offices are at:

Arany János u. 25, Budapest V.
Gusev utca 25, Budapest V.
Teleki Pál u. 7, Budapest V.

3. Outside the MMMI are:

a. the Ministry for Heavy Industry
(mines, chemical industry, power plants)

b. the Ministry for Light Industry
(including canning industry)

However, the MMMI may be concerned with undertakings falling under the Ministries for Heavy and Light Industries in the sense that it is responsible for supplying the machinery for such undertakings. Thus, the MMMI is concerned in the supply of machinery to the Rumanian soda factory, which is a vast complex in the course of construction, and as such properly falls under the Ministry for Heavy Industry.

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25 YEAR RE-REVIEW

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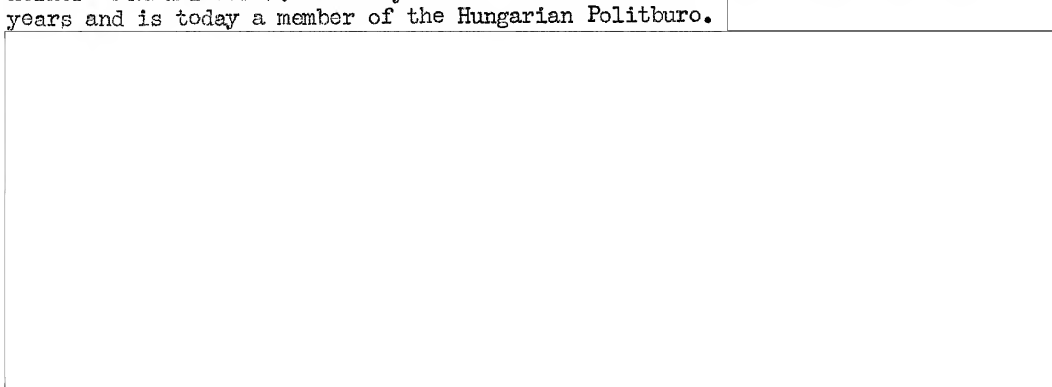
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Personalities and Organs of the Ministry:4. The Minister

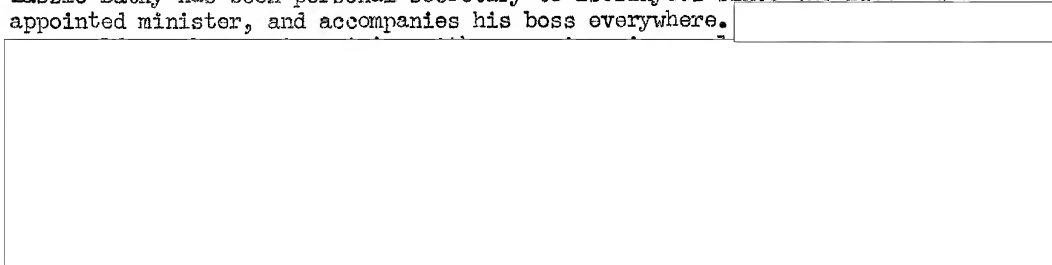
The Minister for Metallurgical and Machine Industries is Mihaly Zsofinyecz, a former foundry worker who became the Chairman of the Works Committee in the Hoffer Schranz Works. Zsofinyecz has been a member of the Cabinet for four years and is today a member of the Hungarian Politburo.

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5. The Minister's Personal Secretary

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Lászlo Batky has been personal secretary to Zsofinyecz since the latter was appointed minister, and accompanies his boss everywhere.

6. Secretariat of the MDP Ministerial Commission

Next to the Minister's office are the rooms of the MDP (Hungarian Communist Party). Every Hungarian ministry has attached to it a permanent delegate from the Party. In the case of the MMI this delegate is András Keszei, a former messenger in the Ganz Factory. He has a subordinate staff of four and offices comprising five rooms. He has nothing whatsoever to do with the ministry's normal functions, but deals only with the ministry's personnel. His main task is to put into effect instructions received from the Party as to Communist indoctrination, education, etc. of the ministry's personnel, and generally to spread Communist propaganda. He and his staff are constantly holding speeches to various sections of the ministry's personnel. When matters go wrong in the ministry it is also part of his function to apportion the blame and advise remedies.

7. Secretariat of the Ministerial Committee of the Iron Workers Trade Union

Next to the MDP offices are the offices of the Iron Workers' Trade Union. The staff comprises four and they occupy two rooms. The head of this committee is simultaneously a member of the MDP Ministerial Commission. All members of the staff are Party men. Their function is to deal with all welfare questions, sports and the very important work competitions.

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8. Ministerial Secretariat

The Ministerial Secretariat is divided into four subdepartments:

- a. Legal
- b. Control
- c. Economic
- d. Secret documents

The head of this secretariat is László Varga, who was formerly personal secretary to the former Finance Minister, István Kossa. Although his function is purely administrative he is one of the more important officials in the Ministry. A delegate of the secret documents subdepartment is to be found in each main department and industrial department in the ministry. Subordinate to the economic subdepartment are the following:

- a. A secretariat
- b. Caretaker's office
- c. Garage
- d. Stores
- e. Duplicating office
- f. Messengers and porters
- g. Maintenance workshops
- h. Wages and other financial questions

9. Personnel Secretariat

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Alongside the Ministerial Secretariat is the Personnel (Establishment) Secretariat. The head of this is László Magyar who holds the rank of Deputy Minister.

- a. Ministerial Personnel
- b. Personnel in Undertakings
- c. Education (training)
- d. Registry

10. Technical Secretariat

Alongside the Personnel Secretariat is the Technical Secretariat which is a cover organization for those officials in the ministry dealing exclusively with armaments production. This secretariat is subordinate directly to the minister and acts independently of everybody except the minister. Within each factory producing arms there is a delegate of the Ministry of Defense. If anything goes wrong in any of

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these factories this delegate reports immediately to the Technical Secretariat who investigate the matter on the spot and give immediate orders for remedying the situation. The Technical Secretariat is in close liaison with the Ministry of Defense from which it receives all information. The staff originally comprised four, but today has increased to eight to ten, occupying three-four rooms. This Technical Secretariat is, however, not competent to deal with armaments plants falling under Directorates I and II (see paragraph 14 below).

11. Ministerial Conference

- a. The most important organ in the whole ministry is the Ministerial Conference which meets every week, on Monday morning. It is attended by:
 - 1.) the Minister
 - 2.) the Deputy Ministers
 - 3.) Laszlo Varga, head of the Ministerial Secretariat, whose duty it is take the minutes
 - 4.) a delegate of the Cabinet Secretariat, who is the so-called cabinet expert for all questions connected with the metallurgical and engineering industries. This expert is usually Nemet (fnu).
 - 5.) a delegate from the Communist Party Committee for State Economy, who is usually Janos Csergo.¹
 - 6.) In addition to the above there are usually invited to the Ministerial Conference the heads of main departments or directorates who are interested in any particular subject on the agenda. However, they are only entitled to be present while this particular subject is discussed. Furthermore Soviet experts are sometimes invited to the conference as advisers.
- b. The main functions of the Ministerial Conference are fourfold:
 - 1.) The implementation of general instructions issued by the minister. At the conference the minister frequently allots certain specific tasks to the deputy ministers with instructions that they shall be personally responsible for carrying them out and may not delegate this responsibility in any circumstances.
 - 2.) The discussion of suggestions put forward by the deputy ministers.
 - 3.) The discussion of rules and regulations involving the ministry which the minister proposes to issue.
 - 4.) The discussion of matters which it proposes to submit to the cabinet. In practice no question affecting the ministry is submitted to the cabinet unless it has first been discussed by the Ministerial Conference. However, the minister is not necessarily bound by the decisions of this conference. It is rather an advisory body.

12. Staff Conference

In addition to the Ministerial Conference there is the Staff Conference which is held every second week, on Tuesday afternoon. This again is a purely advisory body. It is attended by certain permanent members and others who are invited as the occasion demands. The permanent members include:

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- a. the minister
- b. the deputy ministers
- c. Laszlo Varga, head of the Ministerial Secretariat, who usually acts as chairman, and who has a casting vote when decisions are taken
- d. the heads of three main departments, including Ferenc Lettner, head of the technical department, who is regarded as the technical brains of the ministry.

If general questions are dealt with the heads of all main departments and directorates are invited to attend. In every main department there are selected officials who are made responsible for certain specific questions. These officials have to make periodic reports (not more than five typed pages) on the subjects which have been entrusted to them. It is these reports which are discussed at the Staff Conferences. At the present time the two most important subjects discussed are the fulfilment of the export program and works competitions. The officials responsible for these two subjects have to render their reports every two weeks so that they may be discussed at every meeting of the Staff Conference.

13. First Deputy Minister

- a. The first Deputy Minister, who acts in the minister's stead during his absence, is Istvan Koosa. Subordinate to him are the following five main departments:
 - 1.) Planning
 - 2.) Production
 - 3.) Labor questions
 - 4.) Accounting
 - 5.) Education (training)

These five departments give instructions and directives to the various directorates, trusts, etc. of the ministry, and their activities therefore extend to all industries under the ministry.

- b. The Planning Section is closely coordinated with the State Planning Office, the latter being organized on a parallel system with the cabinet itself.
- c. The Production Section is mainly a control organ which supervises the fulfilment of plans. It has its own independent telephone service with both the directorates, trusts, and the individual plants. Among its functions is the responsibility for obtaining daily reports from the directorates on the progress being made in connection with certain selected priority matters. At the present time the following are included in these priority matters:
 - 1.) the Stalin Iron and Steel Works
 - 2.) the so-called Rumanian Soda Factory
 - 3.) the manufacture of 700 special freight cars suitable for water-logged territory. These have been ordered by China and were due for delivery in 1953. There was no possibility of keeping to the agreed delivery date.

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14. Ferenc Biró

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- b. Subordinate to Biró are three directorates and one trust. Directorates I and II are the most important and secret in the entire ministry as they are concerned with armaments plants, including the highly secret underground factories. The third directorate is in charge of all the steel, iron and smelting works. The trust, known as the Rákosi Mátyás Smelting Trust, is in charge of a number of smaller steel and iron works.

15. Gyula Karali

- a. Karali, an electrical engineer and former General Manager of Nik. also has the rank of deputy minister.

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- b. Subordinate to him are the following seven main departments:

- 1.) Technical
- 2.) Investments
- 3.) Accident Prevention
- 4.) Electrical Power Plants
- 5.) Telecommunications
Under the control of this section is the Sound and Cinema Technique Co. (Hang-és Kinotechnikai Vállalat), where research is being carried out on lethal rays allegedly for the destruction of vermin but also for war purposes.
- 6.) Precision Mechanics
- 7.) Agricultural Engineering Industries

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16. Ferenc Hidasi

Hidasi has the rank of deputy minister. Subordinate to him are one main department, three directorates and one trust, as follows:

- a. Section "D". This section is responsible for:

- 1.) keeping a central inventory of all machines, machine tools, etc;
- 2.) air raid protection;
- 3.) fire protection

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- b. Directorate for the Mechanical Engineering Industry
- c. Mátyás Rákosi Engineering Industries Trust
- d. Directorate for Small Machine and Machine Tool Industries
- e. Directorate for Mass Production Industries

17. Jenő Fock

[redacted] Fock also has the rank of deputy minister, and is responsible for exports. As such he is usually sent abroad in connection with trade talks. [redacted] 25X1

Subordinate to him are one directorate and two trusts as follows: 25X1

- a. Directorate for Vehicles Industry
- b. Automobile Industries Trust (Chief: Mrs. Ferenc Biró)
- c. Shipbuilding Industries Trust

18. István Kincses

- a. Deputy Minister Kincses was formerly head of the Directorate for Supplies [redacted] 25X1

[redacted] Subordinate to him are the following two directorates:

- 1.) Directorate for Supplies. This directorate, which has some 150 employees, is responsible for purchasing all materials required by the plants and factories falling under the ministry.
- 2.) Directorate for the Disposal of Production. This directorate is responsible for the distribution and sales of all products manufactured by the plants and factories.
- b. The Secretariat of the Directorate for Supplies has under its direct control the following special subsections and undertakings:
 - 1.) Ball bearings
 - 2.) Ball-bearing stocks
 - 3.) General depots
 - 4.) Iron depots in the Véső utca, Budapest
 - 5.) "Műszerkészítő Vállalat"
 - 6.) Ferroglobus
 - 7.) Vafem

19. The Directorates

Each of the directorates is organized on identical lines.

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- a. The secretariats normally employ:
 - 1 confidential clerk
 - 1 secretary
 - 1 stenographer
 - 1 messenger
- b. The personnel sections employ a varying number of clerks.
- c. The planning departments are subdivided into:
 - 1.) a planning section
 - 2.) a statistical section
- d. The labor departments are subdivided into:
 - 1.) a section for the distribution of labor according to the requirements of the various undertakings
 - 2.) a section for wages and norms
 - 3.) a section for education
- e. The production departments employ:
 - 1.) production clerks (dispatchers)
 - 2.) a special official for armaments questions
- f. The technical departments employ:
 - 1.) a construction clerk
 - 2.) technologists
 - 3.) a NGK clerk
 - 4.) a quality control clerk
 - 5.) a plan maintenance clerk
 - 6.) a clerk for new processes
- g. The investments departments are subdivided into:
 - 1.) an investment planning section
 - 2.) an investment control section
- h. The accounting departments are subdivided into:
 - 1.) a bookkeeping section
 - 2.) a finance section
 - 3.) an auditing section
 - 4.) a financial statistics section

The number of employees in each department and section varies according to the size and importance of each directorate.

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20. Research Institutes

The following research institutes are subordinate to the research section of the main technical department of the ministry:

- a. Iron Industry Research Institute
- b. Metal Industry Research Institute
- c. Engineering Technology Research Institute
- d. Optical Research Institute
- e. Precision Instrument Research Institute
- f. Technical Norms Research Institute
- g. Heavy Industry Publications Research Institute

21. Control

The control section of the main technical department is subdivided into 15 groups, the heads of which are:

József Domborári
 Karácsonyi (fmu)
 Miklós Elsner
 János Szatmári
 László Somogyi
 Illés Pato
 Ferenc Kovács
 László Cserveni and Ferenc Kuti
 Csizmazia (fmu)
 Lajos Vantora
 Ferenc Olah
 Ferenc Kocsis
 László Povazai
 Mrs. Hajós (fmu)
 Göcze (fmu)

22. Armaments Production

In addition to the plants and factories subordinate to Directorates I and II (see paragraph 14b above), the following further plants and factories produce armaments or component parts of armaments which are assembled in the factories falling under directorates I and II:

Sheet (Metal?) Factory (Borsonádasdi Lemezgyár), Borsodnádásd
 Steel Mill (Salgotarjani Acélarugár), Salgotarján
 April 4 Machine Factory (Április 4. Gépgyár), Budapest
 Iron Foundry and Machine Factory (Vasöntöde és Gépgyár), Budapest
 Borsod Area Machine Factory (Borsodvidéki Gépgyár), Miskolc
 Újpest Iron Foundry (Újpesti Vasöntöde), Budapest
 Agricultural Machine Factory (Mosonmagyaróvári Mezőgazdasági Gépgyár), Mosonmagyaróvár
 Shipyard (Balatonlellel Hajógyár), Balatonlelle
 Vehicle Factory (Szentendrei Kocsigyár), Szentendre

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Obuda Shipyard (Obudai Hajógyár), Budapest
 Automobile Electrical Equipment Factory (Budapest Autóvillamosági Gyar), Budapest
 Piston Ring Factory (Dugattyúgyűrű Gyar), Dunaharaszti-Máriatelep
 Small Motor and Machine Factory (Kismotor és Gépgyar), Budapest
 Bicycle Factory (R.M. Kerékpárgyar),² Budapest
 Tool Factory (R.M. Szerszámgyar),² Budapest
 Plastic and Cable Factory (Műanyag és Kábelgyár), Budapest
 Remix (Electrotechnical Plant) (Remix), Budapest
 Sound and Cinematographic Equipment Factory (Hang és Kinétechnikai Vállalat), Budapest
 Radio Equipment Factory (Radio, Felszerelések Gyara), Budapest
 Battery Factory (Akkumulátor Gyar), Budapest
 (Radio) Tube Factory (Adócsőgyár), Budapest
 Metal Mass Products Works (Fémtermékcikkek Művek), Budapest
 Machine Factory (Soproni Gépgyar), Sopron
 Enamel Wares Factory (Budafoki Zománcárugyar), Budafok
 Enamel Wares Factory (Bonyhádi Zománcárugyar), Bonyhád
 Watch Factory (Óragyar), Budapest

1. Comment: In the hierarchy of the Hungarian Communist system Csergő 25X1
 theoretically ranks above the minister as all ministries are technically organs
 of the Party Committee for State Economy. Actually, the Minister, Zsofinyecz, as
 a member of the Politburo, is a Communist of far higher rank than Csergő. 25X1
2. Comment: R.M. stands for Rákosi Mátyás. The factory is a component
 of the Rákosi Mátyás Works on Csepel Island.

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